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SENSITIVE
SIPDIS
ENERGY FOR PI/APICELLI
COMMERCE FOR ITA/DERSTINE

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TAGS: [ENRG](#) [ECON](#) [PREL](#) [EINV](#) [LH](#) [EN](#)
SUBJECT: ESTONIA UPBEAT ON VISAGINAS NPP; PROSPECTS FOR A DOMESTIC
REACTOR DIMINISHING

REF: A. TALLINN 384; B. TALLINN 110

CLASSIFIED BY: Marc Nordberg, Pol/Econ Chief; REASON: 1.4(B), (D)

SUMMARY

¶1. (C) In separate meetings with Econoff, GOE and Eesti Energia officials expressed their pleasure with the progress Lithuania has made recently on the Visaginas nuclear power plant (NPP) project and emphasized that Estonia was only at the earliest stages of developing its own, alternative, NPP. (Note: The GOE has been investigating building its own NPP as progress on Visaginas was slower than expected.) Einari Kisel, Deputy Secretary General of Energy at the Ministry of Economic Affairs and Communications, stated he expected the GOE would announce that Estonia will not build its own NPP once an official tender was issued for a reactor at Visaginas. Despite the generally optimistic outlook, Eesti Energia stressed the next year will be decisive for the Visaginas project, achieving either real agreements or an indefinite postponement/cancellation of the project. END SUMMARY.

¶2. (SBU) EconOff met separately with Andres Tropp, Head of Nuclear Energy for Eesti Energia, and Einari Kisel, Deputy Secretary General of Energy at the Ministry of Economic Affairs and Communications, to discuss Estonia's participation in the Visaginas NPP project and Estonia's plans to develop its own NPP.

Eesti energia pleased with recent progress; next 12 months WILL BE
decisive

¶3. (C) Tropp began by emphasizing that Eesti Energia's top priority

was the Visaginas NPP project. Development of the project has been disappointingly slow due to Lithuanian internal politics, Tropp said, however the Lithuanian government has been "active and efficient" the last six to eight months and has created an ambitious plan. Still, Tropp said the next twelve months would be decisive. If firm agreements are not completed in that time, then Tropp believes the Baltic states will have to indefinitely postpone or cancel the Visaginas project.

14. (C) Tropp expressed his frustration with the attention the Estonian NPP project is receiving. He said Estonia was only in the earliest preparatory phase and that he felt lucky Estonia has a "few years" before it has to make any decisions on its own NPP. Tropp added that the GOE did not understand what it took to build an NPP. He felt the GOE gave the public a false belief in Estonia's ability and intention to build an NPP in the medium-term and that the GOE's talk of nuclear power supplying one-third of Estonia's energy by 2020 was overly simplistic.

Estonian NPP Project to be put on hold if Visaginas CONTINUES
moving forward

15. (C) Kisel said Estonia's nuclear program will not be developed further if the Visaginas project continues at its current pace. He expects that once there is an official tender for the Visaginas reactor, the GOE would announce that it will not/not issue a tender for a reactor in Estonia. Despite this, Kisel continued to draft nuclear regulatory legislation in case Estonia needs to go forward with its own NPP project. Additionally, the GOE has proceeded with the high-profile sale of potential NPP sites to Eesti Energia.

16. (C) Tropp and Kisel stated that cooperation with their Lithuanian and Latvian counterparts was good. They conceded there was earlier tension since Lithuania wanted to handle NPP issues on a political level and Estonia wanted to keep negotiations on a corporate level. Both stated this disagreement is more or less resolved with the Lithuanian energy company representing all three regional investors in preliminary talks with potential strategic partners. Tropp and Kisel agreed Visaginas would start as a single-reactor NPP, with a second and possibly third reactor added later if the market demanded. They also dismissed as pointless any discussion of the share of output each country would receive, or how much each would have to invest, until after a strategic partner was chosen. Tropp added that Eesti Energia wanted to receive electricity at production costs, not dividends from the company.

COMMENT

17. (C) Less than a year ago, Estonia was looking seriously at the possibility of a national nuclear plant to meet its own energy needs and to export to larger neighbors. Now, with sharply falling GDPs and electricity demand slumping, Estonia is much more focused on regional solutions. While we are surprised to hear Estonian officials talk of writing off the domestic option so quickly, Estonia has not yet negotiated how much energy it will receive from Visaginas, and until its energy supply is assured, GOE officials will continue to speak publicly about an Estonian NPP. END
COMMENT.
DECKER